12500-2

Paper Paperboard & Wood Pulp

MONTHLY STATISTICAL SUMMARY - Vol. 63 - No. 8 AUGUST 1985

THE PAPER INDUSTRY AND THE ECONOMY: JANUARY-JULY 1985

The business recovery slowed markedly in the first half of 1985. The real gross national product, which had increased by 6.8% in 1984, grew a mere 0.3% per year rate in the first quarter of 1985 and gained at only a moderate 2% a year rate in the second quarter.

The Federal Reserve Board's new index of industrial production, now on a 1977 base, followed a similar pattern. Total industrial production rose 11.6% in 1984, but its growth slowed to a 2.2% per year gain in the first quarter of 1985 and a 2.0% per year gain in the second quarter. Preliminary data for July showed production 0.4% above the second quarter level, which also represented about a 2% per year growth rate.

Both these measures are important indicators of the condition of paper and paperboard markets. Paper production tends to track real GNP; the large printing and writing paper sector and newsprint find uses in virtually every sector of the economy. Paperboard production--the raw material for the major packaging and shipping container products--tends to move in line with industrial output.

The paper industry showed its normal reaction to the slow-down in real GNP and industrial production--easing from the record high rates of 1984. In times of rising business activity both producers and users of paper, paperboard and products increase their inventories to meet the higher level of usage. As market demand slows, the pressures on inventories reverse, and requirements for new production tend to ease.

During the past two years a significant new factor has come into prominence; namely the high value of the dollar relative to other currencies. This has contributed to reduced exports and increased imports. The 1984 record high levels of demand and fears of shortages also contributed to the rise in imports, but by 1985 this factor had disappeared.

Imports of paper plus paperboard in 1984 amounted to 10,335,000 tons, 24% over the 1983 level. (See the Industry Fact Sheet that accompanies this report, and the table on page 9 for the details.) There was some decline in exports in 1984, particularly in the important kraft paperboard grades, although exports of paper rose 4.8% from their 1983 level.

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The dollar rose further in the first quarter of 1985 and imports increased 12.4% over their year-earlier level, while exports declined by 4.8%. The decline, however, was concentrated in the paperboard grades: paper exports rose by 9.3% to a rate of 855,000 tons per year.

The dollar value eased in the second quarter and imports began to move downward. Imports of paper plus paperboard in June totaled 860,000 tons, considerably lower than the 1,022,000 tons imported in March 1985. Exports strengthened, with the June total of 328,000 tons making a high for the year to date. However, the second quarter 1985 total was 9% below that of the second quarter of 1984, bringing the first half 1985 paper export total to a little below that of the first half of 1984.

PRODUCTION TRENDS: PAPER AND PAPERBOARD

The peak in the rate of paper and paperboard production actually occurred in mid-1984: the seasonally adjusted rate in the middle months of the year--May, June and July--averaged 69.3 million tons per year. In the fourth quarter the production rate was 67.7 million tons per year. It held at that rate in the first quarter of 1985, but then moved down to a 65.5 million tons per year rate in the second quarter. Most of the second quarter weakness was concentrated in April, when several kraft linerboard mills shut down to reduce inventories.

The seasonally adjusted rate of production recovered in May, maintained that rate in June and strengthened further in July. For this most recent three month period, production averaged 66.5 million tons per year , which was within 3% of the average rate for all of 1984.

PAPER:

In the first 7 months of 1985 paper production ran at an average rate (seasonally adjusted) of 34.1 million tons per year, 1.6% below its year-ago level and just 1% below the average rate for all of 1984.

The strongest patterns continued in the printing-writing grades and in tissue papers. Shipments of printing and writing papers were at an annual rate of 18.4 million tons for the January-July 1985 period, 0.5% below their year-ago level, but matching their average rate for all of 1984. While the second quarter rate was below that of the first three months of the year, weekly data on production indicate that the bottom came early in the second quarter. Production in the last two weeks of July, for example, was back to its first quarter 1985 level. There is some indication of inventory building at the mill level.

There were major differences in the trends of the various types of printing and writing papers. The strongest pattern was in uncoated free sheet papers, which showed a 7-month 1985 total

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS
(Thousands of Short Tons)

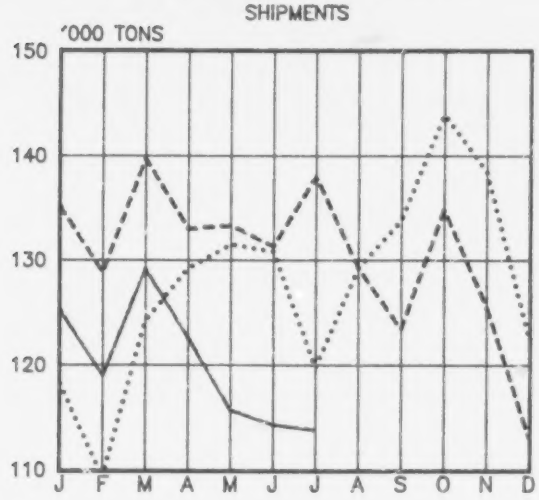
	YEAR 1983	YEAR 1984	APR. 1985	MAY 1985	JUNE 1985	JULY 1985	Annual Rate Y-T-D 1985	% Change From same Period Last Year
PAPER								
Newsprint - Production	5167	5539	427	461	449	459	5486	-1.6
- Shipments	5153	5584	450	452	448	445	5440	-4.1
Printing & Writing sum	17370	18403	1584	1546	1476	1451	18420	-0.5
Groundwood Paper - Shipments	1531	1565	123	116	114	114	1440	-10.6
- New Orders	1581	2325	110	121	142	128	1464	-9.2
-Unfilled Orders	145	1071	85	93	121	137	137	-11.5
Coated Papers - Shipments	5716	6249	516	496	456	455	6043	-2.8
- New Orders	5864	6281	509	464	492	437	5790	-7.1
- Unfilled Orders	513	575	445	410	441	422	422	-23.0
Unctd Free Sheet - Shipments	8780	9207	833	824	788	778	9595	3.2
- New Orders	9016	8939	855	827	771	741	9607	7.1
- Unfilled Orders	687	430	491	500	479	435	435	-31.1
Thin Papers - Shipments	280	275	23	24	25	20	281	0.0
Cotton Fiber Paper - Shipments	133	147	12	13	12	10	141	-4.0
Bleached Bristols - Production	931	959	78	75	80	74	920	-4.3
Tissue Paper - Production	4789	4920	394	419	418	390	4898	1.3
Total Packaging & Other Paper	5497	5555	406	444	419	414	5188	-9.8
Unbl. Kraft Paper - Shipments	3666	3666	258	290	267	280	3403	-9.9
Other Paper - Production	1832	1889	148	154	152	134	1785	-9.7
TOTAL PAPER-Production-Unadj. *	32823	34417	2811	2870	2762	2713	33992	-2.0
-Production-S.A. *			2778	2786	2822	2864	34056	-1.6
PAPERBOARD - PRODUCTION								
Solid Wood Pulp Furnish	24779	26403	2036	2178	2070	2037	25301	-5.1
Unbl. Kraft Linerboard (1)	15001	16037	1196	1316	1211	1199	15147	-6.1
Production for Export	2281	2086	142	149	157	153	1693	-23.4
Other Unbl. Kraft Paperboard	1121	1149	88	102	115	113	1200	-0.6
Semichemical Paperboard	4731	5169	411	431	419	412	5007	-3.8
Production for Export	193	149	14	12	15	22	174	24.4
Solid Bleached Paperboard	3926	4048	341	328	325	314	3947	-3.8
Production for Export	515	478	43	41	40	29	452	-8.0
Recycled Paperboard	7398	7637	572	708	668	573	7619	-3.1
Production for Export	24	17	1	1	1	1	15	19.2
TOTAL PAPERBOARD-Prod.-Unadj. *	32177	34039	2609	2886	2738	2611	32920	-4.6
- Containerboard Prod.(Dom. Use)	19173	20993	1604	1748	1620	1591	20217	-3.9
- Boxboard Prod.(Dom. Use) (2)	5551	5783	491	462	512	428	5744	-1.3
- All Other P'bd Prod.(D.U.) (2)	4441	4531	313	473	392	386	4623	-4.0
- Total Paperbd Prod. for Export	3012	2731	200	203	214	206	2334	-18.2
TOTAL PAPERBOARD PROD.- S.A. *			2558	2736	2709	2715	32645	-4.1
TOTAL PAPER AND PAPERBOARD								
Production - actual *	65000	68457	5420	5756	5500	5324	66911	-3.3
Production - S.A. *			5336	5522	5531	5579	66701	-2.9

(1)Includes all exports of kraft paperboard.
(2)Data for unbl. kraft folding boxboard incl. in All Other P'bd.
* NOTE: Year 1984 contains one more day than year 1983.

P Preliminary
R Revised
S.A. Seasonally Adjusted

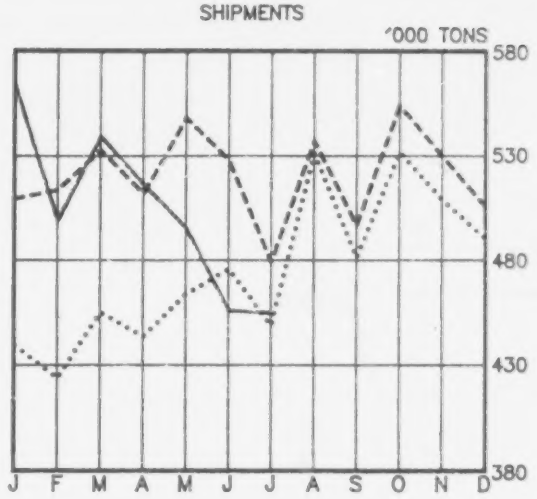
GROUNDWOOD PAPER, UNCOATED

SHIPMENTS



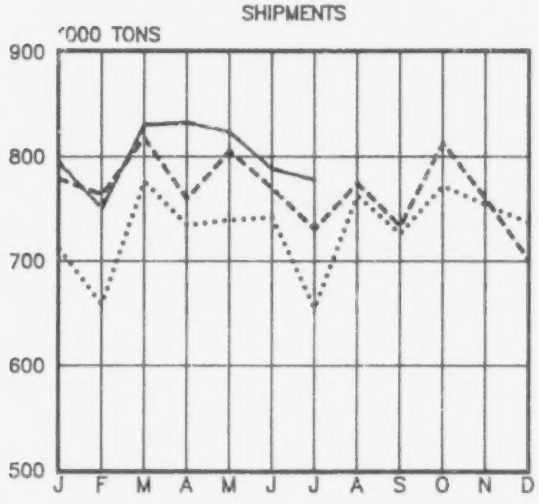
COATED PAPER

SHIPMENTS



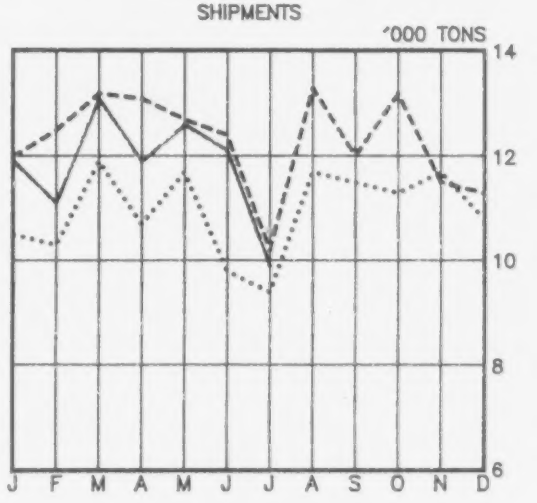
UNCOATED FREE SHEET PAPERS

SHIPMENTS



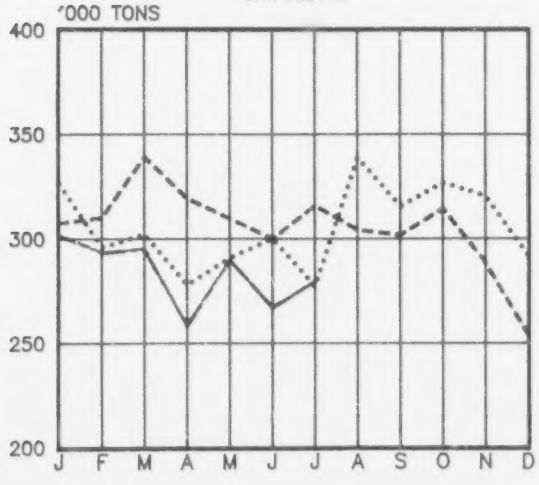
COTTON FIBER PAPER

SHIPMENTS



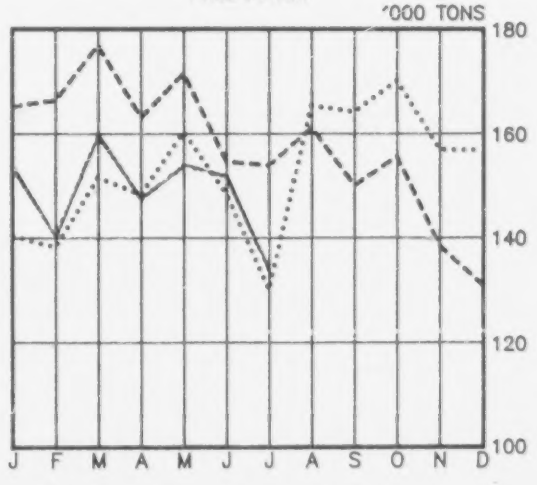
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1983 ····· 1984 - - - - - 1985 ——

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1983	YEAR 1984	MAR 1985	APR 1985	MAY 1985	JUNE 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
TOTAL WOOD PULP					R	P		
Total Wood Pulp - Production	52537	55548	4844	4394	4522	4442	54338	-3.1
- Imports	4093	4490	460	335	380	384	4503	3.1
- Exports	3644	3594	399	328	309	372	3861	4.8
- New Supply	52986	56445	4905	4401	4594	4454	54980	-3.1
Dissolving Pulp - Production	1261	1206	118	104	112	97	1271	0.0
- Imports	192	161	21	7	13	10	158	0.6
- Exports	647	595	89	59	46	80	733	14.2
- New Supply	806	772	50	52	79	27	695	-11.5
Paper Grades - Production	42358	44732	3893	3506	3618	3572	43623	-3.1
Chemical Pulp - Imports	3706	4023	416	324	339	364	4152	5.2
- Exports	2958	2945	306	267	262	291	3100	3.6
- New Supply	43106	45810	4003	3562	3695	3644	44674	-2.8
Groundwood and - Production	5067	5509	484	451	441	428	5361	-4.2
Thermo-Mech. - Imports	195	306	23	4	27	10	194	-26.2
- Exports	40	54	4	1	1	1	28	-46.7
- New Supply	5222	5762	503	454	467	437	5527	-4.8
Semi-Chemical - Production	3851	4100	349	333	352	346	4083	-2.2
- Imports								
- Exports			- - - - -	Included in Groundwood Pulp			- - - - -	
- New Supply	3851	4100	349	333	352	346	4083	-2.2
MARKET WOOD PULP								
Total Market - Production	6478	6891	610	563	542	568	6899	1.3
Wood Pulp - Imports	2945	3256	263	195	258	216	2832	-10.7
- Exports	3421	3511	364	333	352	376	3897	6.7
- New Supply	6002	6635	509	425	448	408	5834	-7.8
Dissolving Pulp - Production	1260	1197	118	104	112	97	1270	0.1
- Imports	210	204	22	8	16	11	173	-15.1
- Exports	698	690	75	58	70	78	743	1.3
- New Supply	772	710	65	54	58	30	700	-5.2
Paper Grades - Production	5206	5680	491	457	429	470	5617	1.6
Chemical Pulp - Imports	2698	2952	238	186	223	201	2589	-10.7
- Exports	2723	2821	289	275	281	298	3151	8.0
- New Supply	5181	5812	439	368	371	373	5054	-8.2
Groundwood Pulp - Production	12	13	1	1	0	1	12	-11.4
and All Other - Imports	38	100	3	1	20	4	69	1.0
- Exports	0	0	0	0	1	0	2	0.0
- New Supply	49	113	5	2	20	5	80	-3.3

SOURCES: Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp Division, Pulp, Materials and Technology Group, API. Total Wood Pulp Imports & Exports - Department of Commerce.

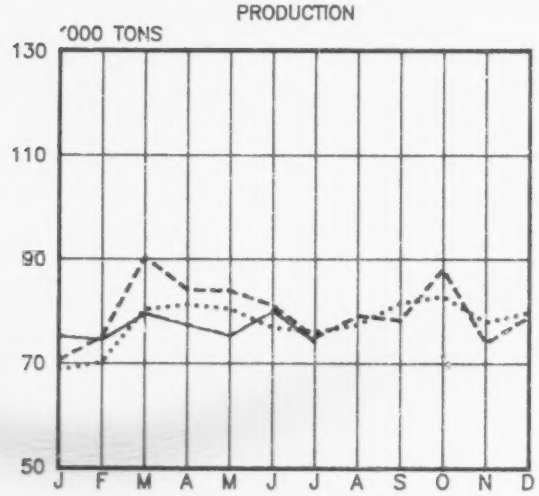
FIBROUS RAW MATERIALS
(Thousands of tons)

CONSUMPTION AT PAPER & PAPERBOARD MILLS					R	P		
Total	66130	70679	6138	5584	5704	5626	68628	-3.8
Total Wood Pulp	51434	54664	4778	4339	4481	4358	53368	-3.4
Waste Paper	14696	16015	1360	1245	1223	1268	15260	-5.5
INVENTORIES								
Own Use Wood Pulp at Pulp Mills	170	174	191	165	175	190	190	17.0
Mkt Pulp at Pulp Mills (Paper Grades)	384	585	685	636	560	529	529	65.9
Mkt Pulp at Ppr. & Bd. Mills *	550	484	484	449	444	442	442	-30.0
Waste Paper at Paper &Bd. Mills	920	1025	977	994	970	985	985	13.3
Days of Supply at Pulp Mills of Chemical Paper Grade Mkt Pulp	26	50	46	36	32	36	36	44.0

SOURCES: Wood Pulp Data, Pulp Division, Pulp, Materials and Technology Group, API. Waste Paper Data, Paper Recycling Committee, API.
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons

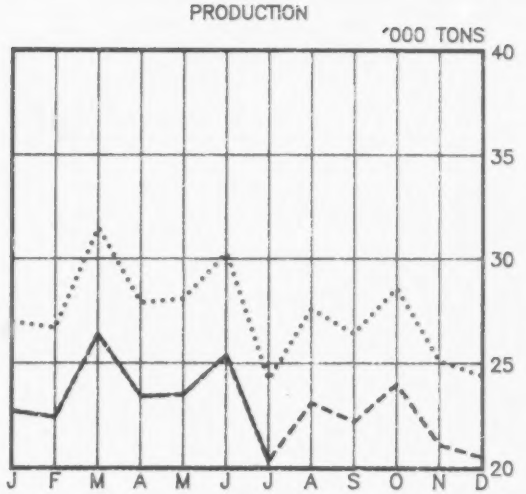
BLEACHED BRISTOLS

PRODUCTION



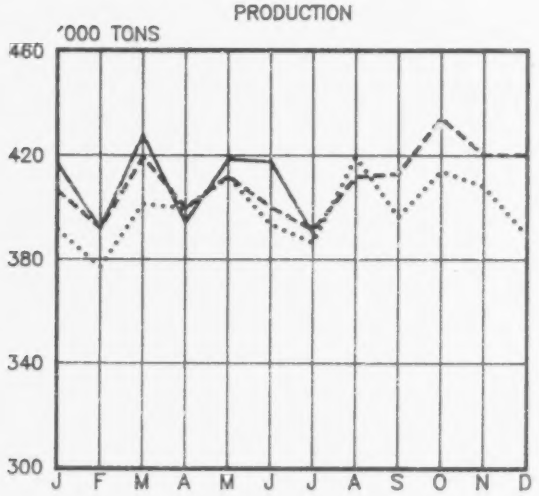
THIN PAPER

PRODUCTION



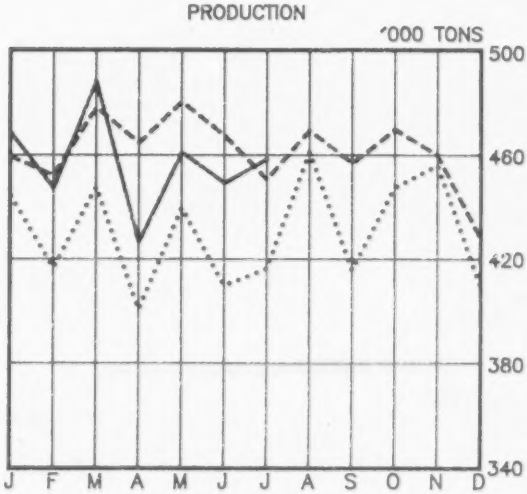
TISSUE PAPER

PRODUCTION



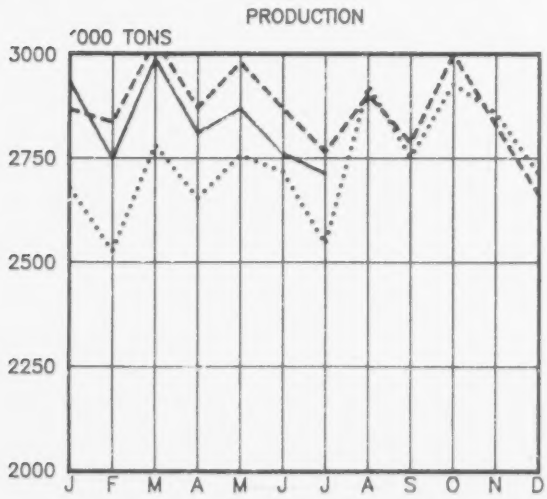
NEWSPRINT

PRODUCTION



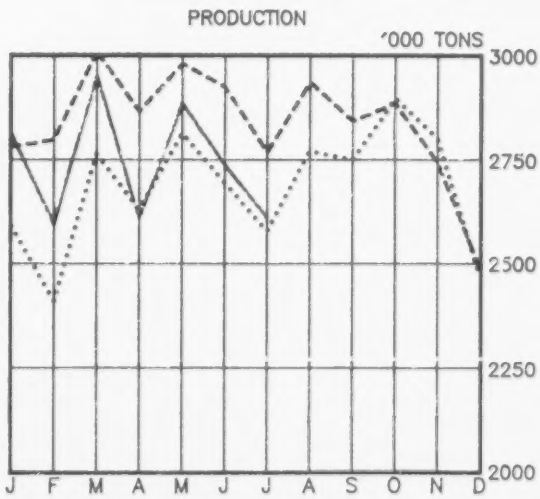
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1983 ····· 1984 - - - - -1985 ———

F I B R O U S R A W M A T E R I A L S

Thousands of Standard (128 cubic feet) Cords

		YEAR 1983	YEAR 1984	MAR. 1985	APR. 1985	MAY 1985	JUNE 1985	Annual Rate Y-T-D 1985	% Change from same Period Last Year
PULPWOOD							6918		
Total U.S.	- Total Receipts	84475	88876	7483	7009	6958	6918	85834	-3.3
	- Total Consumpt	85442	87646	7651	7148	7072	6943	86426	-2.2
	- Residues *	32755	32072	2654	2659	2592	2520	30514	-7.3
	- Inventories	5229	5574	5256	5136	4462	4925	4425	5.2
So. Atlantic	- Total Receipts	25736	27654	2396	2239	2178	2189	27336	3.6
	- Total Consumpt	25847	27344	2507	2284	2203	2252	27682	5.0
	- Residues *	7904	8198	692	623	624	629	7812	-4.4
	- Inventories	1163	1444	1312	1296	1295	1109	1109	2.7
Northeast	- Total Receipts	7051	7665	657	542	561	563	7442	-1.5
	- Total Consumpt	7274	7474	680	685	600	589	7728	-1.4
	- Residues *	1199	1501	144	142	142	141	1626	16.5
	- Inventories	577	590	640	490	442	442	442	17.4
South Central	- Total Receipts	29409	30693	2741	2556	2504	2461	30236	-1.8
	- Total Consumpt	29152	30502	2699	2435	2505	2514	30326	-0.3
	- Residues *	9218	9059	804	820	740	779	9378	4.2
	- Inventories	1536	1304	1063	1170	1200	1143	1143	-19.8
North Central	- Total Receipts	6265	6872	487	392	503	554	6456	-8.3
	- Total Consumpt	6343	6563	543	524	551	518	6390	-6.8
	- Residues *	1822	1472	120	108	112	109	1354	-12.2
	- Inventories	851	906	1029	879	833	854	854	4.0
West	- Total Receipts	16014	15992	1202	1280	1212	1151	14362	-15.0
	- Total Consumpt	16826	15763	1222	1220	1213	1070	14290	-15.4
	- Residues *	12612	11842	894	966	924	862	10144	-19.4
	- Inventories	1102	1330	1222	1301	1282	1377	1377	40.5

* - Consumption of Residues in Cord Equivalents. SOURCE: American Pulpwood Association 12-Aug-85

U N I T E D S T A T E S T R A D E W I T H C A N A D A

IMPORTS FROM CANADA

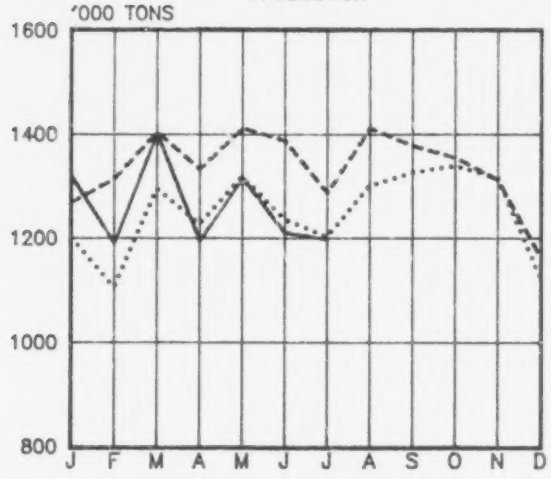
	YEAR 1984 Tons	YEAR 1984 $000's	MAY 1985 Tons	MAY 1985 $000's	JUNE 1985 Tons	JUNE 1985 $000's	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	207520	10591	41	2	969	100	36564	-77.2
Pulpwood chips	2061270	45353	76789	2417	43599	1386	874592	-65.1
Wood Pulp, Total	4059913	1678908	307495	104921	357819	124788	4096050	2.0
Waste Fibrous Materials, Total	151457	25187	14320	2765	11811	2088	161713	1.2
Paper, Board & Products, Total	9401265	4048656	822126	361824	803338	355979	9781766	8.0
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	9330954	3927255	815677	352265	794766	343285	9702674	7.9
Paper, Paperboard & Products	8948073	3946084	782669	352263	782247	345757	9377139	8.4
Paper & Paperboard, Only	8877742	3824684	776220	342704	753675	333063	9298046	8.3
Paper, Total	8662094	3762205	762940	338900	739594	329156	9143779	9.5
Newsprint	7681341	3224596	683507	296415	666914	290112	8203524	4.8
Printing, Writing & Rel. Pap.	852879	457438	66343	35276	58604	30102	776418	3.0
Pack. & Ind. Conv. Paper	101131	59408	9005	4821	8495	5163	111063	4.4
Special Industrial Paper	3232	5437	144	262	328	609	3248	2.7
Tissue Paper	23512	15326	3842	2127	4752	2970	49526	217.5
Paperboard, Total	215648	62479	13279	3804	14082	3907	154268	-33.6
Convtd Paper&Paperbd Products	70331	121401	6449	9559	8572	12694	74093	21.8
Wet Machine Board	2098	1426	238	153	237	166	2110	-17.8
Construction Paper & Board	451113	101146	39219	9409	40854	10057	402517	-0.8

Pulpwood, Roundwood (in cords of 128 cubic feet)	95117	5698	6207	377	3697	198	34736	-45.3
Pulpwood chips	28445	1544	6199	301	6813	353	85266	136.7
Wood Pulp, Total	180850	82653	11389	4979	16098	6833	198604	18.5
Cotton Pulp & Other Pulp	10474	6605	547	372	487	272	10634	-5.8
Waste Paper	325712	37937	10595	1620	26696	2471	232442	-30.1
Paper, Board & Products, Total	756499	524570	67299	44586	61918	44621	752058	-5.7
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd.	569696	358082	53884	30729	47785	30593	587357	1.2
Paper, Paperboard & Products	726888	511454	65474	43552	59730	43589	727193	-5.0
Paper & Paperboard, Only	540085	344966	52059	29695	45597	29562	562491	2.5
Paper, Total	296791	245610	25972	19698	22345	20456	302600	-4.3
Newsprint	4493	3678	364	352	49	75	3203	-43.0
Printing, Writing & Rel. Pap.	137839	125802	12917	10528	12627	10437	155877	10.5
Pack. & Ind. Conv. Paper	46661	26928	3603	1981	4618	2382	44011	5.2
Special Industrial Paper	104034	85328	8910	6539	5677	7086	91613	-23.8
Tissue Paper	3758	3883	178	297	374	476	2896	6.7
Paperboard, Total	243294	99357	26087	9997	23252	9106	254892	11.8
Convtd Paper&Paperbd Products	186803	166488	13415	13857	14133	14028	164702	-24.1
Wet Machine Board	5312	3707	475	434	652	482	5570	0.4
Construction Paper & Board	24299	9409	1350	600	1538	550	19296	-26.8

SOURCE: Bureau of Census, Department of Commerce . E - Estimate of tonnage based on square foot data 12-Aug-85

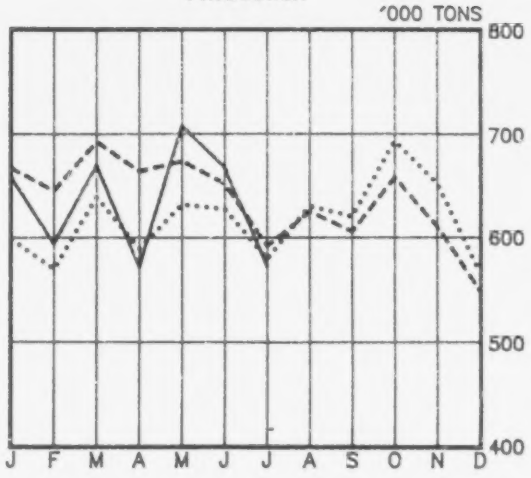
UNBLEACHED KRAFT LINERBOARD

PRODUCTION



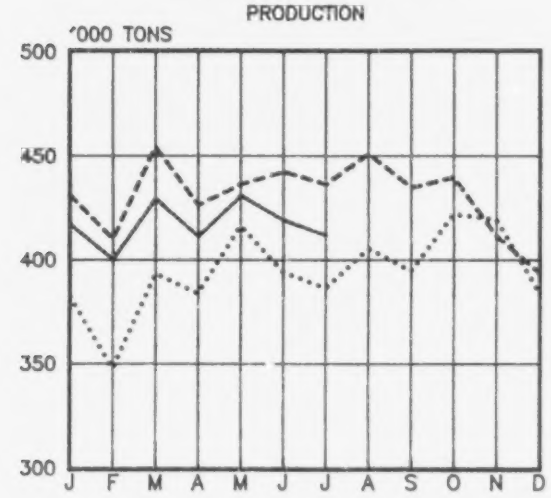
RECYCLED PAPERBOARD

PRODUCTION



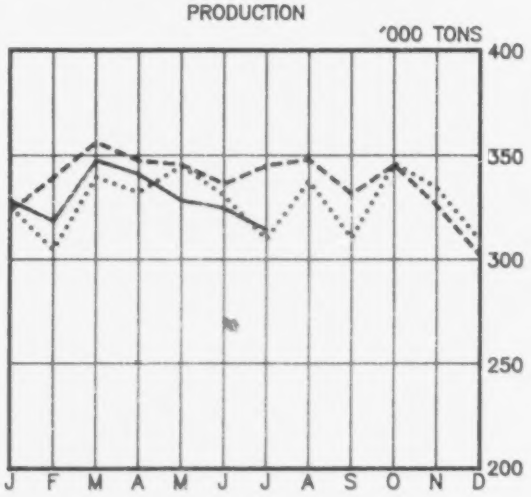
SEMICHEMICAL PAPERBOARD

PRODUCTION



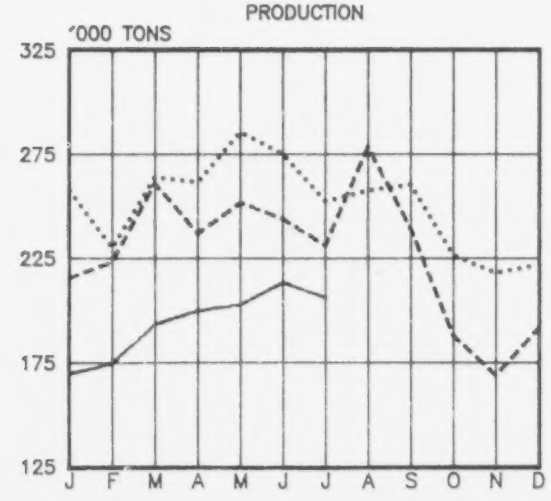
SOLID BLEACHED PAPERBOARD

PRODUCTION



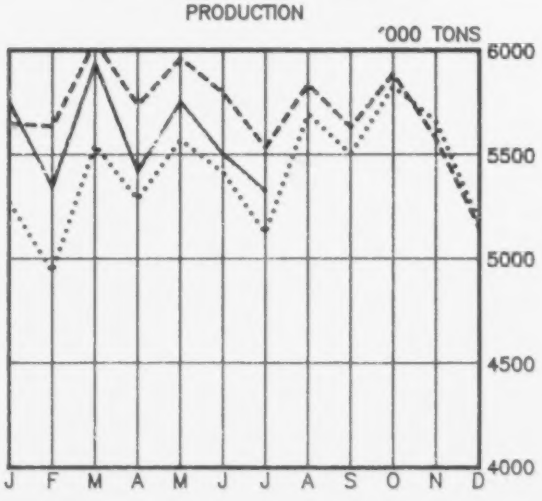
PAPERBOARD FOR EXPORT

PRODUCTION



TOTAL PAPER AND PAPERBOARD

PRODUCTION



1983 ····· 1984 - - - - 1985 ——

I M P O R T S

	YEAR 1984 Tons	YEAR 1984 $000	MAY 1985 Tons	MAY 1985 $000	JUNE Tons	JUNE $000	(1) Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulpwood Roundwood (cords)	207733	10615	9152	126	1964	116	56836	-64.5
Pulpwood Chips	2062545	45186	26784	2417	42635	1341	876010	-65.0
Total All Imports	15734471	7204351	1383841	609226	1330441	597045	16304309	6.7
Wood Pulp Total	4440081	1844768	380074	128634	383675	132646	4503482	3.1
Waste Paper	109712	11692	6585	753	6964	734	82540	-28.3
Other Fibrous Materials	64367	24047	9784	2419	6262	2199	100007	41.4
Paper Board & Products Total	11075312	5323794	987400	476885	933540	461526	11618280	8.3
Paper Paperboard Wet Machine Bd. & Construction Paper & Board	10854312	4781475	966253	431739	906874	407655	11362855	8.0
Paper Ppbd & Prds ex Cnst&MB	10575656	5207697	945064	466398	886697	449205	11160089	8.6
Paper & Paperboard Only	10354656	4865378	921917	421242	860830	395334	10904664	8.3
Paper Total	10112041	4591486	904205	416560	845504	391138	10724124	9.2
Newsprint	7843877	3299570	714738	310348	642843	300.75	8545402	11.2
Printing & Writing	2042368	1168989	173265	94610	132238	76729	1961859	0.3
Uncoated Groundwood	1090049	548791	98806	48085	65267	34210	1044993	0.2
Coated Print.& Impreg. Pap.	428274	295844	37550	27196	34880	25220	556376	68.5
Uncoated Free Sheet	476950	284057	34209	17227	30013	15306	333509	-36.7
Uncoated Book	254926	156296	23218	11274	16946	8216	180893	-33.1
Writing and Similar Paper	222024	127761	10992	5953	13067	7090	152616	-40.6
Thin (except Cigarette)	46427	39513	2605	1938	1484	1863	25991	-53.4
Bristols	667	784	94	104	94	131	990	52.8
Total Pkg & Other Paper	145484	102565	12670	8658	13675	10003	160802	0.3
Unbleached Kraft Paper	42854	19568	3605	1471	3238	1293	45786	-7.3
Other Pkg. & Indust. Paper	102629	82997	9066	7387	10437	8710	115014	3.6
Tissue	30312	20362	3431	2244	6748	4231	56061	194.9
Paperboard, Total	242615	73892	14812	4683	14527	4197	180540	-28.4
Test or Containerboard	70028	22218	4037	1306	4703	1622	53195	-27.5
Semi-Chemical Corrugating	103968	26098	6798	1714	6348	1314	63444	-42.4
Other Paperboard	68620	25576	3977	1663	3476	1260	63901	-7.0
Convtd Paper&Paperbd Products	221000	542319	21147	45156	26667	53871	255425	25.4
Paper Products, Total	186199	474251	19493	41687	24413	48693	230767	32.4
Paperboard Products, Total	34800	68068	1654	3468	2254	5178	24657	-16.0
Wet machine Board	2826	2017	345	227	297	222	3241	-2.2
Construction Paper & Board	496830	114080	41961	10269	46547	12099	454950	1.6
Notes								
Other: No Weight Avail. ($000)		195737		19240		19803	209789	13.5
Total Imports Incl. Other($000)		7400088		628466		616897	7570972	7.8

E X P O R T S

							(2)	
Pulpwood, Roundwood (cords)	95441	5714	6410	386	3869	206	40486	-44.8
Pulpwood Chips	2325213	164058	151063	11583	210307	15823	2283640	-2.5
Total All Exports	11300450	4524778	831484	317076	1077736	369652	11354073	-0.7
Wood Pulp,Total	3593585	1501448	308724	109798	371968	130126	3861034	4.8
Cotton Pulp and Other Pulp	84883	63545	5084	4724	10059	6755	92162	1.1
Waste and Old Paper	3235441	408128	215027	22220	321861	33301	3333770	7.9
Paper, Board & Products,Total	4386541	2551.57	302639	180334	373848	199470	4067107	-10.9
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	3818804	1789129	260526	121325	333713	142585	3544678	-10.4
Paper, Ppbd & Prod ex Cnst&MB	4308873	2507184	296550	177010	369240	196999	3999704	-10.7
Paper & Paperboard, Only	3741136	1745156	254438	117401	328105	140115	3477275	-10.2
Paper, Total	810547	632490	60136	45264	65483	50564	816330	-1.7
Newsprint	306198	133964	22252	9087	25352	9916	324378	3.8
Printing & Writing	203156	219922	16760	16715	16734	17091	215415	2.8
Uncoated Groundwood	30405	28875	2367	2155	3653	3180	38961	29.8
Clay Coated Paper	85714	71365	6530	5416	5783	6112	81336	-11.8
Uncoated Free Sheet	65410	87255	5414	6699	5112	5026	73571	10.0
Other Printing & Writing	21627	32427	2449	2445	2185	2773	21546	5.6
Total Pkg. & Other Paper	284185	259323	20187	17812	22288	22211	254130	-12.6
Unbleached Kraft	106712	44382	5844	2454	7439	3198	71870	-33.1
Other Pkg. & Indust. Paper	177473	214941	14343	15358	14849	19013	182260	-0.5
Tissue	17009	19281	937	1649	1109	1346	22407	23.9
Paperboard, Total	2930588	1112666	194302	72637	262622	89551	2660946	-12.5
Solid Wood Pulp	276.732	1040239	171373	64181	245672	82594	2438845	-15.6
Total Linerboard	2058034	628531	112642	30631	180716	46140	1726156	-18.9
Bleached Kraft Linerboard	141367	57788	6647	1834	10447	3043	116901	-7.0
Unbleached Kraft Linerbd	1916667	570743	106045	28797	170269	43097	1609255	-19.7
Other Unbleached Kraft	110874	51270	7860	3233	15917	6288	107009	-15.9
Other Bleached Kraft	543209	348218	46657	29178	44877	28933	547434	-7.0
Semi-Chemical Corrugating	49612	12220	4263	1138	4162	1237	58246	36.7
Recycled Paperboard	164856	72427	22929	8457	16951	6952	222100	44.8
Cnvrtd Paper&Paper.bd Products	567737	762028	42113	59.04	41135	56864	522429	-14.2
Paper Products, Total	288403	516149	23866	41757	19668	39799	252913	-21.5
Paperboard Products, Total	281334	245879	21244	17352	21468	17085	269516	-5.9
Wet Machine Board	13782	7335	1461	763	1263	684	13909	1.5
Construction Paper & Board E	63887	16638	4528	2561	3144	1786	53494	-23.7
Notes								
Other: No Weight Avail. ($000)		8841		574		484	6644	-13.7
Total Exports Incl. Other($000)		4533621		317655		370135	4214756	-8.2

SOURCE: Bureau of Census, U.S. Department of Commerce. E = Incl. estim. of tonnage based on square foot data.
(1) Annual Rate Year-To-Date is in tons unless otherwise specified in item description.

PRODUCER PRICE INDEXES
1967 = 100

	1983	1984	APR.	MAY	JUNE	JULY	Annual Rate Y-T-D 1985	% Change from same Period Last Year
Pulp, Paper and Products except Building Grades	271.4	292.9	294.3	293.3	292.9	291.9	294.7	1.9
Pulp Paper & Products, ex. Building Grades & ex Waste Paper *	273.3	293.8	296.7	295.8	295.5	294.5	297.0	2.4
Total Wood Pulp	347.1	395.0	347.9	342.4	346.1	345.5	355.4	-8.9
Total Paper	282.3	303.2	303.6	304.6	304.7	304.0	304.6	1.5
Total Paper, exc. Newsprint	277.0	301.2	297.9	300.1	300.1	300.2	299.9	0.1
Newsprint	303.0	324.1	332.6	332.9	333.7	333.0	333.4	5.3
Total Paperboard	250.8	280.6	284.0	282.1	276.1	273.2	282.5	3.2
Total Paper and Paperboard *	272.4	296.1	297.5	297.5	295.8	294.3	297.7	2.0
Converted Products	265.4	280.7	290.0	288.8	289.0	288.3	289.5	4.5
Waste Paper *	158.6	240.1	154.4	144.0	141.6	141.6	162.2	-33.8
All Commodities	303.1	310.4	309.3	309.9	309.5	309.0	309.3	-0.4
Industrial Commodities	315.7	322.6	323.8	325.3	325.2	324.3	323.8	0.5

SOURCE: Producer Price Indexes: Bureau of Labor Statistics, U.S. Department of Labor * Computed by API 21-Aug-85

PLANT AND EQUIPMENT EXPENDITURES

The following table shows data on new plant and equipment by paper companies and all manufacturing companies for the 1983-1985 period as reported by the Department of Commerce.

The table shows that paper companies are spending a record high $8.04 billion in 1985, 12% more than in 1984 and 36% above the 1983 total. The comparable figures for all manufacturing companies show a 13% gain from 1984 to 1985 and a 34.% gain from 1983 to 1985.

The table also shows the data in constant (1972) dollars. On this basis, the gain in paper company expenditures from 1984 to 1985 was 7%; from 1983 to 1985 27%. These trends indicate that rate of increase of unit costs of plant and equipment for paper companies has been sharply reduced from the the steep increases evident only a few years ago.

NEW PLANT AND EQUIPMENT EXPENDITURES
IN CURRENT AND CONSTANT DOLLARS
(BILLIONS OF DOLLARS; QUARTERLY DATA AT ANNUAL RATES)

	MANUFACTURING		PAPER AND ALLIED PRODUCTS	
	CURRENT	CONSTANT	CURRENT	CONSTANT
1983	116.20	53.67	5.92	2.87
1984	138.38	64.06	7.15	3.40
1985 Q I	145.65	66.37	7.76	3.62
II	155.55	70.50	8.03	*
III	160.79	72.36	8.10	*
IV	161.93	72.74	8.28	*
1985 AVG.	155.98	70.49	8.04	3.65 E

* - Not Available. E - Estimated by A.P.I.

3.2% above its comparable 1984 level. The major strengths in the markets for these papers were in business forms (which include the important computer printout papers) and office reprographics (which include copy papers). Shipments to the important commercial printing market were only modestly above year-ago levels.

Imports of uncoated free sheet papers, which had climbed to an unprecedented 477,000 tons in 1984, declined in 1985. The first half 1985 rate was 334,000 tons per year, 37% below the comparable year-ago rate. Domestic uncoated free sheet capacity showed sizable increases during the past 12 months, which probably reduced the need for imports.

Demand for coated papers, which had been in one of the strongest uptrends in the paper industry, eased in 1985. Shipments declined slightly during the second quarter of the year, with the January-July total down 2.8% from its year-ago level. Although imports of coated papers in the entire first half of 1985 were at an annual rate of 556,000 tons, 68% above the first half 1984 rate, the gain was concentrated in the first quarter. Second quarter 1985 imports of coated papers totaled 113,000 tons, compared to 165,000 tons in the first quarter.

Shipments of groundwood papers have followed a weaker trend: their 1.44 million tons per year rate for the first 7 months of 1985 was 10.6% below that of a year-ago. There was some shift to uncoated free sheet papers in the important "other periodical" markets, and shipments to commercial printers declined. Business forms and other converters also reduced their purchases of groundwood papers in this period.

Imports, as noted in earlier reports, have become a major part of the new supply of groundwood papers. The first half 1985 rate of imports was one million tons per year, but this just matched the year-ago rate.

Demand for the packaging grades of paper has been well below its 1984 level so far this year. The 7-month total showed a 9.9% decline, with both unbleached kraft papers and other papers showing declines close to that average. In the kraft paper grades the declines were spread throughout the grade structure, with grocers bag and sack papers showing a decline somewhat below the average.

Tissue paper production is continuing to increase, rising 1.3% over its year-ago rate in the first 7 months of 1985. While imports of these papers are small compared to the 4.9 million tons per year of domestic production, the 56,000 tons per year rate of tissue paper imports in the first half of 1985 was nearly 3 times that of one year-ago.

PAPERBOARD

Although average paperboard production (after adjustment for seasonals) remained flat during the May-July period at 32.6 million tons per year, it was significantly better than April in output. The January-July total was 4.6% below its year-ago

Continued from Page 11

level. Seasonally adjusted, the 7-month 1985 rate was 32.6 million tons per year, compared to 34.0 million tons for all of 1984.

The largest decline was evident in unbleached kraft linerboard. At 15.1 million tons per year, the January-July 1985 production rate was down 6.1% from its year-ago rate. Much of this decline can be traced to the 23.4% decline in production of kraft paperboard for export. This was nearly 400,000 tons below the average 1984 rate and nearly 600,000 tons per year below the 1983 total, freeing that much supply for the domestic market.

Production of semichemical paperboard showed a 24% gain in production for export, with its January-July 1985 rate reaching 174,000 tons per year out of the 5 million tons per year rate of total production.

Production of containerboard for domestic use (the sum of kraft linerboard and semichemical paperboard plus some recycled paperboard) was at the rate of 20.2 million tons per year, 3.9% below its year-ago level. Shipments of fibre boxes, at 268 billion square feet per year, were 2.1% below their year-ago rate. Inventories of containerboard at mills and plants were equivalent to 7.6 weeks of supply at the end of July (see Industry Fact Sheet for the tonnage data); this ratio has fluctuated about this level since about February.

The table on page 3 presents the trends of the other grades of paperboard. It shows that exports of solid bleached paperboard were down 8% from year-ago levels, reflecting lows in February and July. In the other months of this year, the rate of production for export held at the average of all of 1984.

August 31, 1985

	Full Year		INDUSTRY DATA 1985			Ann. Rate Year - To - Date	% From Same Pd. Last Year
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1983	1984	May	June	July	1985	
Total Production (API).....: excluding :...	65000	68457	5756	5500	5324	66911	-3.3
Total Seasonally Adjusted....:construction:...			5522	5531	5579	66701	-2.9
Imports (including Products).: and wet :..E	8509	10576	945	887	N.A.	11110	5.8
Exports (including Products).: machine :..E	4501	4309	297	369	N.A.	4029	-10.0
Apparent Consumption.....: grades :...	69008 a	74724 b	6171	6049	6129	73782 c	-1.2
Paper Production % Tonnage Capacity.....	92.0 g	93.4 g	89.0	88.6	83.4	90.8 gh	-
Paperboard Production % Tonnage Capacity.....	90.8 g	94.8 g	89.1	90.8	82.9	90.8 g	-
			April	May	June		
IMPORTS.....:Including Construction and :...	8985	11075	979	987	934	11618	8.3
EXPORTS.....: WMB Grades (excl. HPB) :...	4568	4387	356	303	374	4066	-10.9
MARKET WOOD PULP PRODUCTION - Tons (000).....	6478	6891	563	542	568	6900	1.3
TOTAL WOOD PULP PRODUCTION - Tons (000).....	52537	55548	4394	4522	4442	54331	-3.1
WOOD PULP IMPORTS - TONS (000).....	4093	4490	335	380	384	4504	3.1
WOOD PULP EXPORTS - TONS (000).....	3644	3594	328	309	372	3862	4.8
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS : excluding :			April	May	June		
Wood Pulp.....:consumption for:.....	51434	54664	4339	4481	4358	53368	-3.4
Waste Paper.....:construction & :.....	14696	16015	1245	1223	1268	15259	-5.5
TOTAL.....: WMB grades :.....	66130	70679	5584	5704	5626	68628	-3.8
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	83608	87646	7148	7072	6943	86416	-2.2
EMPLOYMENT (000)			May	June	July		
Paper and Allied Products.....Total.....	661.6	682.3	680.5	690.0	684.7	681.4	0.2
Pulp, Paper and Board Mills.....Total.....E	258.2	263.9	257.6	259.5	257.4	259.4	-1.6
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	9.94	10.44	10.75	10.77	10.90	10.73	3.9
Pulp, Paper Mills.....E	11.70	12.45	12.94	13.11	13.19	12.93	5.5
Paperboard Mills.....E	12.11	12.99	13.59	13.50	13.73	13.43	5.0
CAPITAL EXPENDITURES, PAPER & ALLIED PRODUCTS			1984 Q3	1984 Q4	1985 Q1		
(Rept. by US Dept. of Com., Ann. Rates, Bill.$)*	5.92	7.15	7.33	7.99	7.58	7.83y	9.5
INDEX OF OUTPUT PER MAN-HOUR (1977=100).....			May	June	July		
:IN PULP, PAPER :...Production Workers.....	118.0	120.0	123.2	118.3	116.0	120.0	0.9
:AND BOARD MILLS:...All Employees.....	116.	118.8	121.9	117.3	114.8	118.4	.0
PAPER AND ALLIED PRODUCTS (Million $)			April	May	June		
Industry Shipments (Dept. of Commerce)*.....	85662	95990	8029	8190	8131	97294	2.8
Pulp, Paper and Paperboard*.....	36346	41539	3534	3436	3369	41728	1.4
Inventories (End of Period) - Total Industry*..	8729	9701	9782	9690	9678	9678	3.5
Pulp, Paper and Paperboard*.....	3263	3662	3742	3723	3774	3774	8.4
			1984 Q3	1984 Q4	1985 Q1		
Sales (Corporations Only).....	65008	71891	18096	17642	17797	71188	1.9
Earnings (Corporations Only).....	2327	3015	951	493	718	2872	14.1
Depreciation (Corporations Only).....	2607	2798	706	700	765	3060	10.4
Net Worth (Corporations Only).....	27219	28160	28806	28160	29241	29241	5.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			May	June	July		
Pulp, Paper & Products, ex. Building Grades....	271.4	292.9	293.3	292.9	291.9	294.7	1.9
Wood Pulp.....	347.1	395.0	342.4	346.1	345.5	355.4	-8.9
Waste Paper.....	N.A.	240 !	144.0	141.6	141.6	162.2	-33.8
Paper.....	282.3	303.2	304.6	304.7	304.0	304.6	1.5
Paperboard.....	250.8	280.6	282.1	276.2	273.2	282.6	3.3
PAPER DEMAND (INDEXED: 1967=100)			May	June	July		
Total Paper Production *.....	157.0	164.3	159.7	161.8	164.3	162.7	-1.6
Paper New Supply *.....	147.2	160.0	160.1	158.9	162.2	161.3	0.6
Total End - Use Index *.....	157.8	172.5	181.4	180.9	181.7	178.6	4.7
Production of Nondurable Goods *.#.(19%)...	168.0	179.4	180.5	181.1	181.9	179.9	0.5
Disposable Income (Constant $) *...(23%)...	163.4	174.6	182.5	177.2	177.7	178.1	2.9
Total Printing and Publishing *.#.(58%)...	152.3	169.4	181.2	182.3	183.2	178.4	6.8
Trend Factor	---------- Not Available ----------						
PAPERBOARD DEMAND (INDEXED: 1967=100)							
Total Paperboard Production *.....	1 1.2	148.9	143.9	142.5	142.8	143.1	-4.1
Production for Domestic Use	135.5	145.4	149.5	140.7	134.0	142.1	-3.4
Total End - Use Index *.....	148.9	161.6	163.6	163.7	164.4	163.3	1.4
Production of Consumer Goods *.#.(60.49%)	151.8	161.6	164.1	164.4	165.2	163.4	1.3
Production of Equipment *.#.(6.62%)	140.8	164.0	174.9	175.7	174.9	173.9	9.0
Production of Materials *.#.(32.89%)	145.2	161.1	160.3	159.9	160.7	160.8	.0
Trend Factor	---------- Not Available ----------						
NEWSPRINT MARKETS			April	May	June		
Consumption by Publishers - Tons (000).....	11671	12612	1054.9	1112.2	1052.7	12487	1.9
Newspaper Pub. and Printing Empl. Total(000)...	421.6	443.0	449.6	451.6	454.0	450.3	2.7
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	10135	11761	14186	13306	12322	148686	-1.6
WHOLESALERS SALES AND INVENTORIES (Million $)(j)							
Total Paper & Pap. Prdcts.,ex Wallpaper..Sales	22776	26532	2900	2934	2769	33858	9.4
Inventories (End of Period).	1885	2341	2984	2934	3005	3005	18.8
FIBRE BOX DATA (Fibre Box Association)			May	June	July		
Fibre Box Shipments (Million square feet).....	252539	267549	22316	21295	22025	262522	-2.1
Container'bd Inventory at Mill & Plant(000Tons).	2437	2882	2945	2838	2826	2826	2.1
RETAIL TRADE (Million $)			April	May	June		
Total Retail Sales *.....	1171915	1291835	115351	114884	113270	1163031	5.8
Nondurable Goods Stores Sales *.....	793398	841417	72419	72095	71562	734637	2.6
GENERAL ECONOMIC DATA			May	June	July		
TOTAL INDUSTRIAL PRODUCTION (INDEX 1967 = 100)*.#	147.6	163.3	166.2	166.5	166.93	166.0	2.4
PRODUCER PRICES(ALL COMMODITIES)(INDX 1967=100)..	303.1	310.4	309.9	309.5	309.0	309.3	-0.4
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)...	298.4	311.1	321.3	322.3	322.8	319.8	3.6
			April	May	June		
TOTAL CONSUMER CREDIT OUTSTANDING - (Billion $)..	387.9	461.0	479.9	488.7	497.4	497.4	16.2
GROSS NATIONAL PRODUCT - ANNUAL RATE (Billions)..			1984 Q4	1985 Q1	1985 Q2		
G.N.P. or Expenditure - Current $.....	3304.8	3662.8	3758.7	3810.6	3855.1	3832.9	7.9
G.N.P. or Expenditure - 1972 $.....	1534.7	1639.3	1662.4	1663.5	1671.6	1667.6	3.5

lb/capita

Pap&Papbd	Othr	Totl	Popul(mil)
.a - 589	+ 18 =	607	234.2
.b - 631	+ 18 =	649	234.9
.c - 627	+ 18 =	645	234.9

.E - Last month estimated by API
.e - estimated by API

f - Wood Pulp Production excludes def., explo. & scrngs.
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
j - Census unpublished data; standard dev. = 6-8%
N.A. - Not Available
P - Preliminary
Q - Quarter

R - Revised
RS - Revised Series
y - Full year estim. by U.S. Dept. of Com.
* - Seasonally Adjusted

June data estimated from published F.R.B. reports.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

August 31, 1985

PRODUCTION (000 TONS)

	July 85	June 85	July 84	Jan. - July 85	Jan. - July 84	% Change 85/84
PAPER GRADES	P	R				
Newsprint	459	449	451	3200	3254	-1.6
Printing & Writing	1451	1476	1453	10745	10799	-0.5
Uncoated Groundwood (s)	114	114	138	840	939	-10.6
Coated Paper (s)	455	456	479	3525	3625	-2.8
Uncoated Free Sheet Paper (s)	778	788	730	5597	5425	3.2
Thin Paper (s)	20	25	20	164	164	0.0
Cotton Fiber Paper (s)	10	12	10	83	86	-4.0
Bleached Bristols (s)	74	80	75	537	561	-4.3
Tissue Paper	390	418	391	2857	2821	1.3
Total Pkg & Other Paper	414	419	470	3026	3355	-9.8
Unbleached Kraft Packaging & Indl. Converting (s)	280	267	316	1985	2203	-9.9
Other Paper *	134	152	154	1041	1153	-9.7
TOTAL PAPER	2713	2762	2765	19829	20229	-2.0
PAPERBOARD GRADES						
Unbleached Kraft Paperboard	1311	1326	1394	9536	10116	-5.7
Unbleached Kraft Linerboard	1199	1211	1287	8836	9411	-6.1
Other Unbl. Kraft Paperboard	113	115	107	700	704	-0.6
Semichemical Paperboard	412	419	436	2921	3037	-3.8
Bleached Paperboard	314	325	345	2302	2394	-3.8
Recycled Paperboard	573	668	592	4444	4588	-3.1
TOTAL PAPERBOARD	2611	2738	2768	19203	20135	-4.6
TOTAL PAPER AND PAPERBOARD	5324	5500	5533	39032	40364	-3.3

WOOD PULP (ALL GRADES)	June '85	May 85	June 84	Jan. - June 85	Jan. - June 84	% Change 85/84
Dissolving & Special Alpha	97	112	100	635	635	0.0
Bleached Sulfite	108	120	120	697	704	-1.0
Unbleached Sulfite	15	16	25	111	146	-24.3
Bleached & Semi-Bl. Sulfate	1871	1818	1829	11267	11133	1.2
Unbleached Sulfate	1577	1664	1787	9737	10522	-7.5
Semichemical	346	352	354	2042	2087	-2.2
Groundwood & Thermomechanical	428	441	480	2681	2797	-4.2
TOTAL PULP DIVISION DATA	4442	4522	4694	27169	28025	-3.1

(s) - Shipments R - Revised
P - Preliminary